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## **INTRODUCTION**

United Way of Genesee County entered into contract #BA-01-25001 with the Michigan Family Independence Agency (FIA) to provide an After-School Program for children in grades 3-9. The services were to be provided by the various school districts and community agencies. The children were to participate in activities such as Anger Management/Conflict Resolution, Leadership Development Activities, Intramural Sports, Life Skills programs, Homework Club, and field trips to community recreational, educational, and cultural centers. The contract totaled \$2,760,410.19, and covered the period November 1, 2000 through June 30, 2001. United Way of Genesee County was reimbursed for actual costs incurred, through the submission of monthly billings to FIA.

## **SCOPE**

The Office of Internal Audit performed an audit of United Way of Genesee County to determine if the Agency's billings were accurate, allowable, and properly supported by the accounting records and supporting documentation in accordance with the terms of the contract. Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

## **EXECUTIVE SUMMARY**

Based on our audit, we conclude that United Way of Genesee County has overbilled FIA \$12,527.38 for double billed amounts, a voided payroll check, and billing for items in the incorrect line item. Our report recommends the Field Operations Administration allow United Way of Genesee to adjust these costs in the final billing to FIA, so the actual program costs are properly billed.

## AUDITEE RESPONSE

The management of United Way of Genesee County has reviewed the findings and recommendations included in this report. They indicated in a memorandum that they are in general agreement with the report, and that the overbilled amounts will be adjusted in the final billing to FIA.

## **FINDINGS AND RECOMMENDATIONS**

### Salaries

1. United Way of Genesee County overbilled the Salaries line item by \$21,168.73. The overbilled amount included fingerprinting costs of \$2,880, Contractual Employees' salaries of \$16,440.63 and a double-billed payroll check of \$1,848. The Contractual Employee amount is billed under the wrong line item and an employee received a replacement check of \$1,848 and the amount was billed twice. Amending the budget to include finger printing in the miscellaneous line item would allow these costs to be billed properly.

WE RECOMMEND that the Field Operations Administration determine if they should allow United Way of Genesee County to amend the contract budget to include fingerprinting costs.

Note: Corrective action was taken on the above items while the auditor was on site. A line item budget change was approved during the course of the audit.

### Communications

2. United Way of Genesee County overbilled the Communication line item \$1,155 due to cell phones being charged to the wrong line item. The cell phones were purchased for one of the contractors instead of United Way employees.

Note: Corrective action was taken while the auditor was on site. An adjustment should have been reflected in the June billing

#### Supplies

3. United Way of Genesee County overbilled the Supplies line item \$39.99 due to an office supply item being billed twice.

WE RECOMMEND that the Field Operations Administration ensure that United Way of Genesee County adjusted their billings to properly reflect the actual cost incurred in the BA program.

#### Contractual Services

4. United Way of Genesee County underbilled the Contractual Services line item \$6,956.34. This amount includes the underbilled cost for contractual employees of \$16,440.63, which was included in the salaries line item, and an overbilled amount of \$10,639.19 for Genesee County ISD.

WE RECOMMEND that the Field Operations Administration instruct United Way of Genesee County to adjust the billings for the above under and overbilled costs.

#### Miscellaneous

5. United Way of Genesee County underbilled the miscellaneous line item by \$2,880 for fingerprinting and criminal checks for the employees. This amount was improperly billed in the Salaries line item.

WE RECOMMEND that the Field Operations Administration instruct United Way of Genesee County to adjust the billings for the above costs.

Note: Corrective Action was taken for the above costs. A budget amendment was done while the auditor was on site.

#### Case File Review

6. The United Way of Genesee County has a database that contains 9,642 student records that includes TANF and Survey form information. We selected 115 student names to sample to determine that the database contained TANF and Survey form information. Out of the 115 student selected from attendance forms from various schools we found 27 students not listed on the database. The United Way of Genesee County still had numerous forms to input into the database to complete the student listing at the time of our review.